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Message Text

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46
ORIGIN NEA-16

INFO OCT-01 ISO-00 EB-11 COME-00 OMB-01 CIEP-03 TRSE-00

MC-02 PM-07 NSC-07 SP-03 SS-20 RSC-01 L-03 H-03

CIAE-00 DODE-00 INR-11 NSAE-00 PA-04 USIA-15 PRS-01

ACDA-19 AID-20 IGA-02 /150 R

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FM SECSTATE WASHDC
TO AMEMBASSY TEHRAN PRIORITY

UNCLAS STATE 180018

E.O. 11652: N/A
TAGS: MASS, IR
SUBJECT: PRESS STORIES ON IRAN-GRUMMAN LOAN

1. NY TIMES AUGUST 15 CARRIED STORY QUOTING CONGRESSMAN PIKE (D-NY) AS SAYING IRAN HAS OFFERED LOAN TO GRUMMAN TO ENABLE IT TO CONTINUE PRODUCTION OF F-14. STORY NOTED IRAN HAS ALREADY GIVEN DOLS 31 MILLION IN ADVANCE PAYMENTS TO GRUMMAN FOR F-14, AND CITED PIKE AND UNNAMED PENTAGON OFFICIAL AS SAYING GOI HAD INDICATED THAT, SHOULD F-14 PROGRAM RUN INTO PROBLEMS, IRAN WOULD BE "MORE THAN WILLING" TO HELP FINANCIALLY. NY TIMES STORY FOLLOWED AUGUST 13 SENATE REJECTION OF U.S. NAVY LOAN TO GRUMMAN OF DOLS 100 MILLION. CONGRESSMAN PIKE QUOTED AS SAYING IRANIAN AID FOR GRUMMAN WOULD HAVE TO BE APPROVED BY SECRETARY KISSINGER. IN SAME ARTICLE SENATOR JAVITS REPORTED TO HAVE SAID HE WOULD "INTERCEDE" WITH SECRETARY ON BEHALF IRANIAN LOAN TO GRUMMAN. NY TIMES ARTICLE ALSO SAID "STATE DEPARTMENT HAS IN PAST OBJECTED TO SUCH ASSIS-
TANCE TO AMERICAN COMPANY FROM FOREIGN COUNTRY."
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2. DEPARTMENT PREPARED CONTINGENCY PRESS GUIDANCE TO EFFECT THAT WE HAVE RECEIVED NO REQUEST FOR CONSIDERATION OF SUCH A LOAN FROM DOD. WE UNDERSTAND LEGISLATION EXISTS WHICH COULD PROHIBIT FOREIGN PURCHASE OF DEFENSE-RELATED INDUSTRIES. BUT QUESTION OF FOREIGN LOAN TO SUPPLY DEFENSE PRODUCTION HAS NEVER COME UP BEFORE. SO THERE HAS BEEN NO

REASON TO FORMULATE A POSITION. IF PROPOSAL SUBMITTED TO STATE THROUGH DOD, WE WILL GIVE IT EVERY CONSIDERATION. QUESTION DID NOT COME UP IN STATE DEPARTMENT PRESS BRIEFING AUGUST 15.

3. NY TIMES, WASHINGTON POST AND WALL STREET JOURNAL AUGUST 16 ALL CARRY STORIES THAT DOD HAS STRONGLY URGED GRUMMAN TO PURSUE POSSIBILITY OF OBTAINING COMMERCIAL CREDIT TO CONTINUE PRODUCTION OF F-14 RATHER THAN RELY ON FINANCIAL ASSISTANCE FROM FOREIGN GOVERNMENTS. DOD SPOKESMAN FRIEDHEIM QUOTED AS SAYING, "IT IS DEPARTMENT'S (DOD) JUDGMENT THAT INVOLVEMENT OF FOREIGN COUNTRIES IN ARRANGEMENTS ON MAJOR DEFENSE CONTRACTS IS VERY, VERY COMPLEX MATTER AND IT NOT AT ALL CERTAIN THAT WOULD PROVIDE USEFUL AND TIMELY SOLUTION." POST CITES "SENIOR PENTAGON AIDES" AS SAYING SCHLESINGER AND CLEMENTS BOTH OPPOSED TO ADDITIONAL IRANIAN LOAN AT THIS POINT. KISSINGER

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